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THE CO-OPERATIVE MOVEMENT IN BRITAIN

Just over a hundred years ago twenty-eight poor Englishmen in the Lancashire town of Rochdale had a vision of a democratic ordering of their own affairs. They started a co-operative shop and they established in Britain an economic democracy which has become the pattern for co-operative activities all over the world.

This book shows how this British institution has grown to be a factor in world trade, a social focus for nine million families, and the supplier of a quarter of the nation's rations. It describes very clearly also the present-day organisation of the Co-operative Movement throughout the United Kingdom, and explains how the principles of those Rochdale Pioneers have been woven into the texture of the everyday life of the people.

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A Co-operative Federal Dairy at Guildford, Surrey

Donovan L. H. B.

THE CO-OPERATIVE MOVEMENT IN BRITAIN

BY

EDWARD TOPHAM

AND

J. A. HOUGH

With a Foreword by

THE RT. HON. A. V. ALEXANDER, C.B., M.P.
Minister of Defence

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FOREWORD

By THE RT. HON. A. V. ALEXANDER, C.H., M.P.
Minister of Defence

The Co-operative Movement in Britain provides an admirable summary of the principles, organisation and development of co-operation in Great Britain. The progress made in the course of one hundred years is extraordinary, and everyone concerned with the social and economic well-being of the mass of the people ought to read this booklet with the closest attention.

The Co-operative Movement is organised from the bottom and not from the top. The individual householder (husband or wife) collectively owns the retail co-operative societies, which in turn own the wholesaling and manufacturing bodies. The needs of the man in the street can be and are reflected upwards through this organisation. The maximum shareholding is £200 and the average approximately £20. It can truly be said that the Co-operative Movement makes neither paupers nor millionaires.

Originally only a few essential items of groceries and provisions were sold by co-operative societies, but now the Movement is concerned with all the needs of the consumer from the cradle to the grave. It is concerned with the production, importation, manufacture and distribution of food and other essential items, and the importance of the part it plays in the economic organisation of Great Britain is immense. It sells one-third of the milk consumed, and registrations for the rationed commodities held by co-operative societies exceed 25 per cent of the national consumption in the case of sugar, butter and margarine, cooking fats, preserves and cheese.

Moreover the Co-operative Movement is responsible for one of the largest banks in the United Kingdom and also controls a very important insurance organisation. It is also concerned with education and cultural matters because of a desire to raise the standards of the people in all directions, not only economically.

One of the outstanding successes has been the encouragement given to thrift. A large part of the present total assets, which amount to some £684 millions sterling, has been built up by allowing the periodic dividends upon members' purchases to accumulate. All this has been achieved by voluntary co-operation.

ILLUSTRATIONS

CO-OPERATIVE DAIRY	<i>Frontispiece</i>
	<i>Facing page</i>
MODERN CO-OPERATIVE STORE	18
ORIGINAL TOAD LANE SHOP	18
DRAPERY STORE	19
DAIRY DELIVERY VANS	24
BUTCHERS' DELIVERY CYCLES	24
PAYING OUT DIVIDENDS	25
ELECTRIC LAMP FACTORY	25
GROCERY DEPARTMENT	32
YOUTH LEADERS' SUMMER SCHOOL	32
TOMATO HOUSES	33

THE CO-OPERATIVE MOVEMENT IN BRITAIN

I. BIRTH OF AN IDEA

A VISITOR from overseas motoring through Britain might find difficulty in discovering what was the name of the village through which he passed. A tradition of reticence perhaps restrains community enthusiasm. There are no banners across the roadway proclaiming "Welcome to Newport Pagnell" and rarely any help from parochial amenities; for the local churches generally proclaim their name "St. Joseph's" or even plain "Baptist Chapel" without any geographical guidance. The hotel may be "The Four Feathers" or "The Swan with Two Necks", but rarely bears a place-name.

But, town by town, village by village, from Land's End to John o' Groat's, the traveller can find his place-names from a typical British institution—the retail consumers' co-operative society. In almost every place the title will vary according to the town or village served and the remainder of the title is generally "Co-operative Society". There are just over a thousand of these titles ranging from the London Co-operative Society with its 900,000 members to the tiny single village store with a hundred or so members. The local inhabitants, whether they are co-operative members or not, take them for granted as part of the normal British scene and as much a part of British life as the town council, the parish church, the local public-house, the cinema or the football club. The visitor might consider he was viewing the local branch of some chain store. The local inhabitants would not help him much. To them it is simply "the Co-op." or "the Stores". Not many of them consider for a moment that this familiar unit of their domestic trade and social life was, and still is, one of the most remarkable invisible exports the British nation has ever sent out to the world; for the co-operative society is indeed an invisible export—of an Idea. In one way or another, the whole world has been materially affected by the practical application of the principle of Co-operation to a multitude of economic and social activities all based on the same Idea on which the British retail co-operative societies were founded and are maintained.

Ancestral Roots.—Co-operative action of some sort is as old as civilisation, because civilisation depends on voluntary co-operation of the individuals in a community to raise the level of the family, group, tribe or settlement above the daily competitive scramble for subsistence. Progress from primitive pastoral communism to the collective security of a medieval village involves a steadily increasing measure of organisation and self-discipline. Church guilds

The Co-operative Movement in Britain

"As a further benefit and security to the members of this society, the society shall purchase or rent an estate or estates of land, which shall be cultivated by the members who may be out of employment or whose labour may be badly remunerated.

"That as soon as practicable, this society shall proceed to arrange the powers of production, distribution, education and government, or in other words to establish a self-supporting home colony of united interests, or assist other societies in establishing such colonies.

"That for the promotion of sobriety, a temperance hotel be opened in one of the society's houses as soon as convenient."

With practical good sense they attacked Object No. 1, the establishment of a store, and, to that end, collected a few pence weekly until they had accumulated £28, with which capital they rented for £10 per year a tiny shop in a slum quarter of Rochdale known as Toad Lane. With a store of goods consisting of 50 lb. of butter, 56 lb. of sugar, 6 cwt. of flour, 1 cwt. of oatmeal, and two dozen candles, the shop opened just before Christmas 1844 with one of their number as salesman on two evenings per week. Slowly, year by year, they added to their membership and stock until, by 1851, the store was open all day with full-time shopmen. They accumulated capital. How did they work? What was the key to their continuity and success?

1. *Sale of goods at prevailing market prices.* Goods were bought wholesale, of course, and sale at market prices did not arouse antagonism of other traders by undercutting.
2. *Fixed limited "wage" of capital.* This placed the mere shareholder as such in a secondary category.
3. *Distribution of profits* in the form of dividend *on purchases* in strict proportion to the amount of their purchases.
4. *One man—one vote* irrespective of capital holding. The Society was governed and its representatives elected by a popular democratic poll of the members as individuals and not of shareholders as such.

Those, in brief, are the principles upon which the Rochdale Pioneers operated, and it is a tribute to their extraordinary wisdom that those principles operate unchanged today, not only throughout the whole of the British Co-operative Movement, but also in every part of the world where Co-operation is practised in its manifold forms according to the Rochdale Principles. The virility of the Rochdale System lies in the fact that it fits human nature, satisfying the inherent sense of justice by the democratic one-man-one-vote system of government and by rewarding members in proportion to their loyalty as

Rochdale's Peaceful Revolution

purchasers from their own society. Here was a Movement which, with the highest, indeed utopian, aims actually rewarded its adherents instead of expecting donations from them. The quarterly distributions of dividend on purchases were the finest publicity the new system could have designed. From mouth to mouth the message ran about the new type of shop which not only gave guarantees of purity in the age when adulteration was regarded as a permissive item of competitive trade, but also, by some seeming magic, provided artisans and housewives with a bonus on their purchases.

Membership was open, without any restrictions as to class or creed. All that was needed to join was a few pence for the first instalment of the £1 share. The other instalments were rarely paid into the Society's funds, but were credited to the individual's share account from accruing dividend on purchases until such time as the qualifying share was completed. The shares were withdrawable in time of need (except the basic £1 qualifying share), and though many people, after completing their membership share, could and did draw their dividend for their own immediate enjoyment, they were encouraged and very glad to use the Society as an unofficial popular bank, ever growing quarter by quarter with fresh accretions of dividend due on their purchases. The members became, without any conscious effort, small property owners with an intense interest in the concern in which they had an equal and effective share in government.

Within a short time the Rochdale Pioneers' Society, and the hundreds of other societies which sprang up in different parts of the country on the same model, were free from financial worries in spite of the swift development of their trade. This miracle was achieved by that same magical dividend on purchases which was undoubtedly their finest advertisement.

2. ROCHDALE'S PEACEFUL REVOLUTION

The formulation of the Rochdale Principles had consequences more revolutionary than the Rochdale Pioneers could ever have dreamed. It is doubtful whether any financial provisions have ever had such a widespread or permanent effect on so many millions of people all over the world. Following the Rochdale Principles enabled the Co-operative Movement to avoid most of the financial evils of the era of industrial expansion. By the financial tenets of the time, the Rochdale Principles were sheer heresy, yet the Rochdale system of trade has retained all its original integrity after a century of experience and is still fructifying in fresh vital enterprises from Chungking to Chicago. The simple principles enumerated by the Rochdale weavers as

The Co-operative Movement in Britain

a basis for domestic thrift and rudimentary social service are being used through Chinese Industrial Co-operatives to restart war-torn industries of China ; to raise the standard of life of the native population of the African colonies ; to market the agricultural products of the New World ; to finance the agriculture of Denmark and many other nations , to get the Indian ryot and the Illinois mechanic out of debt ; to provide houses for civil servants in Mexico and the Argentine ; to provide medical services for the American clerk and convalescent treatment for his English counterpart ; to run a factory in the Kuban or California ; to sell milk to a third of the population of Great Britain and to dig new oil in Kansas.

Simplicity was not the only proven virtue of the Rochdale Principles. They were in advance of their time because they were human rather than logical and suited to human psychology. They were capable of adaptation to different countries and climes because they were fundamentally just, and they have been conserved over a century without losing their specific virtue because they were fundamentally democratic and could, therefore, defy a financial dictatorship. No trust could buy them up or buy them out because of the one-man-one-vote principle, regardless of individual financial holdings.

The typical commercial instrument of the period of industrial expansion was the limited company, the *société anonyme*, the incorporated business, which was, in truth, an attempt, and a logical one, to achieve a financial democracy by granting power and financial returns in an undertaking according to the amount of money placed in the venture. Today, everyone knows that the last vestige of financial democracy has vanished from that type of enterprise and that the technique of holding companies, control of shares, nominee directors and the like have transformed the framework of financial democracy into financial dictatorship. The efficiency or otherwise of such undertakings, or their usefulness to the world, is not in question, but only the undoubted fact that these bodies have ceased to make any pretence at financial democracy.

The cleavage of principles between the competitive and co-operative organisation is, therefore, deep and persistent. The limited company divides its profit by working roughly according to the financial holding. Control of the undertaking, even when it is not prescribed in advance by its articles of association, is by the majority of pounds, dollars or pesetas, while the co-operative society is controlled by the number of *people* who are shareholders therein. The co-operative society also distributes its surplus in diametrically opposite channels to those of the private undertaking. The co-operative society restricts the reward on capital to a tiny percentage, and returns the bulk of its surplus to the customers in proportion to their purchases.

Rochdale's Peaceful Revolution

The results of this deep cleavage of practice have several unexpected consequences. Members of co-operative societies are generally people of modest incomes. Co-operative societies can have no attraction for the big investor or speculator. In Britain co-operators are mechanics, railroad workers, clerks and their wives. Few of them have much money other than what they can save in their co-operative society. Few of them indeed ever add to their co-operative savings except by dividend on purchases not withdrawn for immediate use. None of them is allowed by British law to own more than £200 of shares in the society and the average holding is, in fact, more nearly £20. Yet this Movement, the rate of development of which is a constant source of wonder to competitors of all types, has no worries in finding capital for great developments. An overdraft—and that an internal one on the CWS Bank—is a rarity. Developments are financed easily from a fraction of available capital resources and often direct from revenue. The perpetual worry of the capitalist entrepreneur in finding capital to finance new undertakings simply does not exist in the British Co-operative Movement. Instead, the anxiety—and it is a real one—is to find suitable employment for an embarrassing surplus, constantly accruing.

There is a touch of irony in the fact that the British Movement is today both the practical and the philosophic expression of the organised consumer, and—though this is quite unconscious—of the unorganised consumer as well. A complete consumer theory of societies, a growing literature in economics from the consumer's angle, a frank, legal recognition of the right to consumer representation, through the Co-operative Union, in many important organisations of national government and trade, all point to the British Co-operative Movement fulfilling a logical destiny with scientific aptness and the halo of tradition. Yet this predominant role of representation of the consumer was not an original cause or object of consumer co-operative societies, nor had it been consciously adopted as a role until long after it had become a reality. The Rochdale Pioneers were intent on becoming producers. Most of them were directly or indirectly influenced by Owenite ideals of self-governing communities through which they hoped to by-pass the crudities and severities of a capitalist industrial revolution. They saw, with singular clarity, a chance of pooling shopkeeping to accumulate savings, in order to purchase land for the provision of employment for jobless men. They were right, and they touched for the working people of their time a treasury of savings which has been open for commercial enterprise ever since.

The error of the Rochdale Pioneers was in supposing that one could escape backward through the centuries to the self-governing community. Nothing

The Co-operative Movement in Britain

could stop the historic process of industrial revolution, and those Pioneers—practical men as they were—soon realised that the trend for industrial England was not back to the village community but forward to a richer and more world-wide exchange of products, by which they as consumers and workers would ultimately benefit.

Pioneers of Reform.—The grim realities of the period demanded practical help and sweeping reforms. During a century of their existence, British co-operative societies have given both. Most of the great reforms of the nineteenth century were not only pioneered by co-operative societies but practised by them. Long before the State system of free education was available, co-operators universally applied, from 1844 onwards, a portion of their surplus to educating their members. Co-operative libraries were established before those of the municipality; co-operative pensions long before the Beveridge Plan, co-operative health services before the State social services; co-operative standards of purity, quality and quantity were in existence while the State, in deference to the doctrine of *laissez-faire*, regarded adulteration as fair competition.

The Rochdale Pioneers were a representative slice of working-class folk in any industrial town of their day. They were young men, striving in an age of swift transition to find a way to obtain a fair share of the growing wealth which the industrial revolution had produced and to mitigate the equally manifest miseries which it had brought in the process. Thousands of their generation were in danger of becoming embittered. Some were Chartists who had seen little result for their political agitation or from the mild measure of Parliamentary reform. Many were workers who had endeavoured to better their lot through the strike weapon and found it in bad times a competition in hunger in which they generally lost. Unrestricted competition was the economic religion of their time. They were rebels against that idea, and they were right, as any rational modern capitalist would concede.

G. K. Chesterton tells us that the most significant influence on Victorian times was an event which never happened, namely, the English Revolution on the lines of the French Revolution. One of the main reasons (we now know) why that great social cataclysm did not take place in Britain was that the fine spirit of desperate generous-hearted men found in the self-governing voluntary institutions a chance to build for themselves a measure of security against hazards; a place in the community; a springboard for reform; a platform for ideas; an education for democracy; a training for business; a knowledge of finance and, most of all, the discipline of self-government. Of the modern trade union movement, friendly society movement, temperance

Control by the Home

movement, Labour Party, building societies, educational societies, mechanics' institutes and co-operative societies—all expressions of this urge for self-government—and for the immediate and permanent change in the lives of the people, perhaps the Co-operative Movement is the most radical.

As co-operative societies grew and spread over the whole country they brought a permanent enrichment to the working classes. The habit of thrift came from the new sense of responsibility. The man or woman with a few pounds in credit at the local co-operative society was in a better position to secure proper treatment from his employer than the penniless worker living on the brink of starvation. New amenities were added to the English home. The homes themselves in many cases became, through co-operative savings, the property of co-operative householders. The co-operator acquired a double sense of property. He became in a small way an individual property owner and in a much bigger way the joint owner of large property and a big employer, too.

And so, in the end, part of the Pioneers' dream did come true. With an increasing percentage of membership there was community employment, i.e., co-operative employment. When next the controversy regarding community employment took shape, the Co-operative Movement came down emphatically in favour of consumer control and not producer control. Not for the first or the last time had practical experience made up the Movement's mind for it.

3. CONTROL BY THE HOME

The nine million British co-operators are all members of a retail co-operative society, always based on a geographical area and generally a suitable communal unit such as a town, city or village, though some areas are covered by regional societies catering for a number of such units within a reasonable area. The retail societies are incorporated by law as Industrial and Provident Societies and enjoy limited liability and most of the privileges and responsibilities of a limited company, though these are registered, of course, under a different legal constitution. The rules of a retail co-operative society must conform to certain requirements designed to safeguard the investments of the members against improvidence or fraud, and also to safeguard the democratic character of the organisation and shareholding. British law requires that no member may hold more than £200 in shares of a particular co-operative society, a provision of importance because it restricts the extent of reliance on the funds of any one individual. Regardless of whether the member has £5 or £200, his (or her) voting qualification is exactly the same. That one-man-one-vote principle is not only a convenient administrative device, but an unchangeable legal

The Co-operative Movement in Britain

requirement. Women may join on exactly the same terms as men. A large proportion of British co-operative members are women. Women may be, and often are, elected as members of management committees of societies and to other posts.

A retail co-operative society is governed by its own members and its own members alone. No other co-operative society, either retail or wholesale, or special, has any voice in its destiny, nor any right of interference with its affairs except with the specific consent of the members. Even in Britain this point is not generally understood. The close sympathy and mutual understanding between retail co-operative societies and the wholesale and special undertakings they own often lead to the assumption that there is a legal ownership of the basic retail societies by the wholesale societies or by an all-powerful, all-comprehensive Co-operative Movement. The close association of types of societies in the Co-operative Movement maintained by the Co-operative Union is entirely voluntary and springs from the community of interest, identity of aim and historical solidarity and not from any legal compulsions, financial obligations or supervisory control. Any contrast between a group of chain stores and a group of co-operative societies must be made with this essential difference in mind. The chain store is owned and controlled from the top; the co-operative from the bottom. Individual co-operative societies enjoy complete autonomy—and also suffer from a lack of co-ordination. The biggest organisations in the Co-operative Movement, namely the great Wholesale Societies of England and Scotland, are not the masters of the retail societies: quite the contrary, in fact. Policy resides in the basic retail societies, which are in exactly the same position in relation to the wholesale society as the ordinary rank-and-file members of the basic retail distributive society.

From the Human Angle.—Perhaps one can get a better idea of the working of a retail distributive society by considering it from the human angle. We will suppose that Mr. and Mrs. Smith, recently married, are settled in a small manufacturing town in the north of England where John Smith works in a local factory and Mrs. Smith keeps his cottage, within easy reach. She decides to join the "Co-op." so as to obtain most of her domestic supplies, as her mother and father did years before. She obtains from the office of the local co-operative society a membership form and pays 1s. as an instalment towards her first £1 share. She is straightway allotted a share number, by means of which she will be able to ensure that all purchases made by her from any of the shops or departments of the society will be identified and aggregated so that at the end of the quarter or half-year she will be able to expect that the prevailing rate of dividend on purchases will be applied to the whole of the



ABOVE A modern Co-operative Store

BELOW The original Toad Lane shop where the Rochdale Pioneers founded the Co-operative Movement in 1844



Control by the Home

purchases she has made Outside co-operative trade there is no need for such procedure, because the commercial transactions are completed when the goods have been delivered and paid for. Mrs. Smith, however, has still a prospective interest in her purchases after she has paid for them and after she has consumed them With rare exceptions Mrs. Smith pays cash down for her goods. She finds that a branch shop has been established in the neighbourhood of her small housing estate so that she can buy her grocery and provisions and many other goods conveniently near to her own home Whenever she makes a purchase and hands over money, she tells the shop assistant her share number, which he writes upon a "check", generally a small piece of paper, recording her number and the amount of the purchase A duplicate of this check goes to the society's office to be aggregated for dividend purposes Mrs. Smith also sends a large "order" each Friday night which is delivered by the society's motor-van the following day She buys her meat from a special butchery shop owned, of course, by the society and again quotes her share number

In the centre of the town is a dry goods store or emporium where is centralised the sale of gowns, coats, lingerie, shoes, haberdashery and millinery and where her husband may have a suit tailored Mrs. Smith likes to inspect the windows, for, like all women, she is a happy shopper She is free to walk inside and make, or not make, any purchase she desires She is especially free to do this because she is part owner of the property and the stock as much as any other member Whenever she makes a purchase, be it a gown, hat or stockings, she quotes her share number and receives another check In the basement is a hairdressing establishment where she can make arrangements for a "perm", shampoo and set, or manicure When she pays she receives another dividend check On the top floor is a café open for meals, and here again when she pays she gets more checks Although a member of the society, Mrs. Smith is not bound to buy all her goods from her own society She is completely free to buy anywhere she desires She can purchase shoes from the co-operative society and her hat from its competitor If she thinks she can make a better bargain elsewhere, she is free to do so She is in the fullest sense of the term a voluntary co-operator

But Mrs. Smith (we will suppose), like millions of other housewives, is well suited with co-operative service and co-operative dividend and so she decides to add milk to the supplies she receives daily from the society. A mere notification at any branch will suffice and every morning thenceforward another motor vehicle will deliver on the door-step the required number of bottles of pure pasteurised milk. She also decides to have her laundry done by the society and so she arranges for the laundry van to call each week. The

The Co-operative Movement in Britain

Smiths have a small house with little storage for coal so that they appreciate the co-operative society's willingness to serve them with 1 cwt or 2 cwt. lots as required, and the coalman, too, gives her a check. Mrs. Smith, a loyal voluntary co-operator, finds that at the end of the dividend period, by her purchases of meat, bacon, cheese, fruit, bread, milk, coal, hats, shoes, stockings, hairdressing and laundry, a large proportion of her housekeeping money has in fact qualified for the payment of dividend.

Sure enough, if the dividend is, for example, 2s in the £, she has 10 per cent of the value of her total purchases credited to her account at the office of the society. Because she is a new member a small amount of that money will be withheld as part payment towards her initial shares, but the remainder is available to her immediately. She can withdraw the whole of that amount if she so desires and spend it anywhere and anyhow. She can spend it on goods from the society or goods from its competitors without any restriction whatever. It is her money without qualification. Mrs. Smith decides, however, that for the present she will not withdraw this money but will leave it standing to her account. She can, in fact, withdraw it at will, but she will receive interest on her share-holding at the modest rate prescribed, if she leaves it in the society.

Consumer Concepts.—That is a simple account of the way in which millions of people in Britain conduct most of their shopping. Facilities at their disposal vary a little but tend inevitably to equalise. Some of the small rural societies supply only groceries and provisions. Some societies have not yet begun to sell meat, but the typical town and regional societies are of the sort with which Mrs. Smith and her like are in membership. At the other end of the scale some of the larger societies have specialist departments which include house-building, theatre tickets and travel tours.

An example such as Mrs. Smith, the new co-operative member, gives reality to a statistical survey. Most co-operative members are not new members but mature co-operators. A typical case would be provided by a household that has, say, £20 to its credit in the co-operative society without in most cases ever depositing any cash at all. Most members treat the retail society as their household bank as well as their stores, a bank which gives facilities for easy withdrawal, virtually on demand. Though the standard rule is cash trading, societies run various types of credit clubs to provide for instalment purchases of furniture, radio, infant carriages and other articles involving a strain on the capital resources of the household. Many societies advance money to members for the purchase of houses at extremely low rates of interest, and in most cases the first down payment again comes from the co-operative society from the

Economic Democracy in Action

individual's own share account. There are towns in Britain where whole streets of houses are the property of working people by purchase through co-operative societies. A co-operative account, indeed, is used to meet all the unexpected calls upon the family exchequer, and though freely available for this purpose, the total amount to the credit of members grows and grows from year to year, even in war time.

Viewed from the angle of cold cash, the average co-operative housewife claims to save on her household expenditure round about 10 per cent of the money which would normally be expended, a tribute indeed to the Rochdale concept of return according to purchases instead of according to capital holding. The principle, too, has had important influences on co-operative opinion on the economic life of the country. Customers are all consumers, and co-operative consumers own and control the whole of a vast network of retail, wholesale and productive resources. Instinctively therefore, as well as logically, the Co-operative Movement, so controlled, views economic arrangements from the consumers' angle, and often courts controversy and trouble with other interests, farming, manufacturing, landowning, financial, distributive, because those interests are at variance, in co-operative eyes, with the fundamental rights of consumers as they conceive them.

4. ECONOMIC DEMOCRACY IN ACTION

Co-operative membership has grown tremendously, and in years of bad trade as well as good, during slump years as well as boom years. The first million was reached in 1891, the second in 1903, the third in 1914, the fourth in 1919, the fifth in 1926, the sixth in 1929, the seventh in 1934, the eighth in 1937, and the ninth by 1944, the centenary year of Rochdale. These figures are net figures and take full account of deaths, withdrawals and transfers. They are figures attested by the Government's Registrar from societies' own returns. Membership is distributed among just over 1,000 retail co-operative societies. At the beginning of the present century there were nearly 1,500 co-operative societies, but since that time there has been a small annual reduction in the number of societies alongside the big increase in membership, due, not to the extinction of co-operative societies but to voluntary mergers into units better able to supply the more complete services required by consumer members.

Retail societies alone hold to the credit of their members £247 millions of share capital and a further £70 millions of loan capital. Total reserves held corporately by all societies are almost £20 millions. They have stock-in-trade of nearly £27 millions. Of the 350,000 workers employed by the Co-operative Movement, just over a quarter of a million are directly employed by the

The Co-operative Movement in Britain

retail societies, the bulk of them, of course, in distributive work in the shops or transport, but about 16 per cent of them are engaged on productive and service work.

Tests of Efficiency.—In spite of rationing and the severe limitation of supplies, total annual turnover is now, on the distributive side alone, well over £400 millions. In 1941 the total was £302 millions and, in 1942, £320 millions. In 1946 it was £402 millions. On that trade, the sum of over £35 millions is available annually, after payment of all interest charges, as surplus for distribution in the form of dividend on purchases—the source from which so much of the financial strength and popular appeal of the co-operative system can be traced.

The war presented a means of checking the validity of co-operative statistics, and at the same time of showing the trend of development. Rationing of essential foodstuffs involves personal choice by each British consumer of the retailer from whom he or she desires to obtain each of the rationed commodities. The choice is entirely voluntary and must be made by the individual. Therefore there can be no block registration. A consumer can choose different retailers for different commodities, and a dissatisfied consumer, at regular intervals, can transfer his or her ration card. Under these conditions of free choice, the ration registrations of consumers are significant.

CO-OPERATIVE REGISTRATIONS IN RATIONED FOODS IN 1947

<i>Commodities</i>	<i>Number of Registrations</i>	<i>Percentage of Civil Population</i>
Sugar	12,394,000	25.5
Butter and margarine	12,299,000	25.4
Bacon and ham . . .	11,346,000	23.4
Cooking fats	12,299,000	25.4
Preserves	12,394,000	25.5
Cheese	12,287,000	25.3
Eggs	9,123,000	18.8
Meat	7,104,000	14.7

Over a quarter of the population of Great Britain has freely chosen a retail co-operative society for the basic foods on which the household depends. The smaller figures for meat are due to the fact that some societies do not trade in meat.

Subsidiary to the main rations, a secondary food distribution scheme covering a wide variety of tinned foodstuffs, cereals, dried fruits and biscuits, on a self-selective basis, is in operation. There is no registration of the consumer

Economic Democracy in Action

because this scheme allows the individual consumer to expend his or her allotted "points" in any shop. Here, again, the consumer has freedom of choice—more freedom indeed than in the case of the primary rationed commodities. Under this scheme co-operative societies collected during the war period between 15 and 16 per cent of the "points" expended by the total civil population. An up-to-date survey of the trade of co-operative societies gives a clear picture of their strength in certain departments and their comparative weakness in others. The period is early 1947.

<i>Department</i>	<i>£ (in millions)</i>	<i>Percentage of National Trade</i>
Grocery, provisions, bread and confectionery	216	18-20
Meat	33	12
Dairy	48	32
Apparel, household textiles, furnishing and hardware	54	6-7
Footwear	11	10
Pharmacy	7	6
Coal	18	15-20

The weakest section undoubtedly is that covering dry goods, in which the competition is largely one of novelty and fashion, and a mere century of experience has not been sufficient to teach co-operative leaders that the purchase of clothing and adornment is, for women, an adventure and romance. The bigger co-operative societies are now trying to make up the leeway against formidable competition of high-powered salesmanship.

Milk supply, one of the biggest successes, is a comparatively novel feature of co-operative services based on large-scale collection from farmers, pasteurisation at depots, and distribution in bottles to urban and other customers. Most of this trade has been secured by co-operative societies since 1920.

In 1938 the Co-operative Union undertook a thorough scientific census which gives an up-to-date picture of the retail position of the co-operative societies in the nation's internal trade. There were then almost 1,100 separate retail societies in existence. As previously mentioned, the figure had been decreasing steadily since the beginning of the century when there were about 1,450 societies, the decrease in number being due to amalgamation of societies. About 500 of the societies, that is, roughly, one-half of the number, were societies of less than 2,000 members each, and they represented about 6 per cent of the membership and trade of the Movement. On the other hand, about 60 per cent of the membership and trade was being transacted by 80

The Co-operative Movement in Britain

large societies with a membership of from 20,000 to over 500,000 each. The significant point, of course, is, that whatever the size, all these societies are conducted and managed on the same co-operative principle : a rough-and-ready analogy being the manner in which a modern luxury liner and a small coasting vessel are each operated under the same navigational laws, and incidentally are both subject to the same stress of weather or benefited by favourable conditions.

The results of the census showed that there were about 24,000 retail co-operative shops and approaching 100,000 retail co-operative "sales points". The term "sales points" was adopted in the census to account for that large type of shop operated on a compound basis and embracing several separate sections or departments, e.g., drapery, outfitting and footwear. The following list indicates the wide departmental extent of retailing and the number of shops and "sales points" on a departmental basis portrayed by the census :

<i>Departments</i>	<i>No. of Shops</i>	<i>No. of " Sales Points "</i>
General, grocery, provisions, bread, confectionery and cooked meats	11,079	31,148
Café	158	266
Butchery	5,015	6,094
Dairy	420	10,479
Greengrocery, fish, fruit and florist	1,249	10,477
Drapery	2,101	2,679
Tailoring and outfitting	730	1,691
Boot and shoe and repairing	1,236	2,537
Furnishing, hardware, jewellery, electrical and radio	1,014	5,825
Chemist	421	1,128
Optical	50	618
Sports outfitting	20	620
Hairdressing	144	176
Tobacco	259	3,925
Miscellaneous	58	294
Coal	5,058

In addition, account must be taken of the large fleets of sales delivery vehicles in the Movement selling to the customer, the estimated number of which at the time of the census was from 18,000 to 20,000. Other retail services had also been developed considerably either by separate retail societies or by groups of retail societies which had federated for such purpose. These other services include laundry, funeral furnishing and hairdressing. About ten retail societies were operating cinemas on a commercial basis and a few societies had depart-



ABOVE Dairy delivery vans

(W W Winter)

BELOW A fleet of one hundred delivery cycles used by a Co-operative Butchery Department (Mack & Co)



Reynolds News

Paying out dividends



McPherson News

A Co-operative electric lamp factory

Economic Democracy in Action

ments such as fish and chips ; beer, wine and spirits ; ice-cream ; bazaars, etc. Other miscellaneous services provided include dental treatment, chiropody, travel agency, painting and decorating, garage, etc.

The co-operative society's claim to be one of the major commercial organisations is incontestable. Opponents who deny the social aims of the Movement do not contest its existence as a serious rival to the throngs of commercial enterprise which they themselves sponsor. Indeed, such opponents aver that in Britain there is far too much co-operative trading.

Popular Control.—Who controls the operations of the vast trading transactions of the Co-operative Movement ? The answer is surely apparent to the reader who has studied the section on the nature of the Rochdale Principles. Locally and nationally the whole of the co-operative system is organised and controlled by and for the ultimate consumer according to the Rochdale concept of economic democracy.

The position is best exemplified by consideration of the government of a typical retail distributive society. Day-to-day control is exercised by a committee of management elected from and by the rank-and-file members of that particular society. Election usually takes place at the quarterly or half-yearly mass meetings, at which every member of the society is entitled to attend and may raise any matter concerning the conduct of the society, or the disposal of its funds subject to safeguarding provisions of the law. Probably only a small proportion of the members entitled to be present are actually regular attenders at these aggregate meetings. Customers are often so satisfied as to leave the direction in the hands of the keener section of the society's membership, though the right of attendance is strongly in evidence whenever, say, a reduction of the usual rate of dividend leads a crowd of indignant members to seek the reason why and possibly to place new members on the committee of management, for the committee of management is not all-powerful. It can, for example, after considering the financial results of the trading in the period, recommend to the rank-and-file members a rate of dividend to be paid on purchases, but the law requires the consent of the rank and file before this recommendation becomes a fact. Rank-and-file members have the right to vote donations for various social causes and worthy charities, local, co-operative and national. They can, after due notice, alter the rules of the society either on the recommendation of the committee or against its wishes.

The management committee of a retail society, although it may control a society with a million pounds or more of annual sales, is a spare-time occupation rewarded only by a meagre few shillings to meet out-of-pocket expenses.

The Co-operative Movement in Britain

The committee members are wage-earners and housewives, and for that reason usually meet in the evening at least once a week with perhaps another attendance at a departmental sub-committee. The management committee engages, employs and superintends the work of all the employees of the society, including those in the professional grades such as the secretary, departmental manager or other specialists. They have a right to hire and fire, to make or change the trading policy in any particular, and though they have the advantage of the advice of their officials, they can, and often do, reject or revise the suggestions of permanent officials. The committee in fact fulfils all the duties normally undertaken by the board of directors of a limited company. At regular intervals they are required to seek re-election at the general meetings of the society. Most elections are contested.

5. A TRUST OF CUSTOMERS

If the Co-operative Movement were simply a great business there would be little to write about ; its story would be like that of Fords, Woolworths or Imperial Chemical Industries, each with their initial romantic novelty, but all conforming to fixed financial and social patterns. Co-operative societies, either singly or as national federations, do not so conform. They compete, and with notable success, against companies, cartels, trusts and chains, distributive and productive, but are not themselves companies or trusts, unless one could loosely define the Co-operative Movement as a Trust of Self-Supplying Consumers : that is to say, an inverted Trust, a Trust of Customers, committed primarily to efficient production and distribution as an economy for ultimate consumers, and with no profits for intermediaries or capitalists as such. Dividend on purchases (instead of profits on capital) is the instrument of the system.

Cartellised industry has brought many new problems. The ability to dictate a uniform price or a minimum price in a national or world market or to dictate unfair monopolistic terms to vendors of raw materials is so obvious a threat to the public interest (as well as the individual standard of life) that many countries have framed anti-trust measures of one sort or another or the State has taken control in some cases, believing that no economies of rationalisation could compensate for the dangerous accretion of power created by monopoly for the enjoyment of the few at the expense of the community. British co-operators have no love for trusts and combines, whose power they contest. As a democratic organisation of consumers there is no charge which they resent more keenly than that of being bracketed with commercial combines

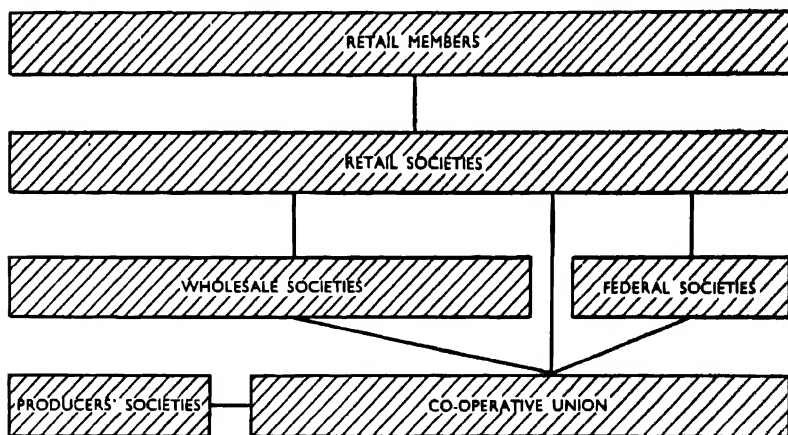
A Trust of Customers

on account of nation-wide operation and size of turnover. Structure, ownership and aim are the true criteria, and not commercial pre-eminence.

Judged simply by ordinary commercial standards there is excuse for confusion of thought, for the pooled purchasing power of Britain's millions of co-operators has created two colossal concerns, the Co-operative Wholesale Society of England and the Scottish Co-operative Wholesale Society, with world-wide depots, warehouses, factories, served by scores of thousands of workers. Yet a cursory examination reveals that they, too, are but a logical and integral part of a democratic consumer organisation.

One of the main objects of a retail society is to save for its consumer members that portion of price which is represented by retail profit, and to distribute that trading surplus (which normally goes to the individual capitalist owner of the business) to the individual consumer by dividend on purchases

SOCIETY STRUCTURE OF THE BRITISH CO-OPERATIVE MOVEMENT



in strict proportion to the amount of such purchases. The elimination of retail profits, however, still left the societies paying profits to wholesalers, producers and manufacturers, and by a logical process the Co-operative Movement applied itself to the organisation of wholesale co-operative societies which would save for the retail societies those wholesale profits in the same way that the retail society saved profits for its own members. Distribution is twofold. Shopkeeping, or retailing, represents only one part; the other part, of equal or greater importance, is wholesaling.

The Co-operative Movement in Britain

Apart from profits, it became clear, soon after the establishment of the first retail societies on the Rochdale Plan, that the consumers, as retailers, would experience enormous difficulties if they were to be dependent on wholesalers who were unco-operative in nature and principle. The organised consumers as distributors would obviously not be successful if efforts were confined solely to retailing. It was essential that they should begin, as soon as possible, the dual and complementary functions of retailing and wholesaling. The antagonism of private trade wholesalers made this clear as early as the decade 1850-60.

The Co-operative Wholesale Society.—Early attempts at co-operative wholesaling would furnish an interesting, though exacting, study. For practical purposes, however, it will suffice to note that by the early 1860s the primary difficulties of capital cost and organisation had been surmounted; the law had been amended, making it legal for societies to hold shares in another society, and in August 1863 the first co-operative wholesale society was registered as the "North of England Co-operative Wholesale and Provident Society Ltd". This organisation, which in 1872 became the Co-operative Wholesale Society Ltd., was the pioneer of all the world's co-operative wholesale societies. The "C.W.S.", as it is best known, now challenges comparison with the mightiest trading organisations in the world. Yet, nevertheless, the C.W.S. is wholly a consumers' organisation, a federation of the retail societies in England and Wales, and working on the Rochdale Principles with a return to its members of dividend on purchases. In 1868 a similar development followed in Scotland, for in that year the Scottish Co-operative Wholesale Society Ltd. commenced business.

Both these Co-operative Wholesale Societies have made remarkable progress. Their development has been simultaneous with that of the retail societies, both quantitatively and qualitatively. As the trade of the retail societies increased, and as the departmentalisation of the retail societies progressed, the growth was reflected in co-operative wholesaling. Just as it is now possible for the consumer to supply virtually all his needs in consumable goods through co-operative retail shops, so it is possible for the retail shops to supply virtually all their needs through the Co-operative Wholesale Societies. By the year 1941 the wholesale trade (at wholesale values) of the Co-operative Wholesale Society was £144,500,000. The corresponding figure for the Scottish C.W.S. was £31,500,000. Thus, the total co-operative wholesale trade was £176 millions, which in terms of retail values represented 70 per cent of the total retail trade of the British Co-operative Movement.

The main offices and warehouses of the Co-operative Wholesale Society are situated in and around Balloon Street, Manchester, and Balloon Street has

A Trust of Customers

now become a household word in millions of co-operative homes in the United Kingdom. Other large sub-centres are situated at Newcastle and London, and there are also sales depots in Leeds, Bristol, Huddersfield, Nottingham, Northampton, Cardiff, and Birmingham.

To further the business of wholesaling on the grand scale, however, it was necessary to look farther afield than the British Isles, and so purchasing depots have been established in many other countries, across the English Channel and beyond the Atlantic, ranging from New York to Sydney, and from Montreal to West Africa and Nigeria. The world-wide developments of the C.W.S. made necessary the acquisition of a transport fleet to carry the merchandise needed by British co-operators, and the wholesale societies had their own ships operating in their own service before to the war.

Scottish Co-operative Wholesale Society.—The S.C.W.S. has developed on similar lines with its main centres in Glasgow and Edinburgh. The organisation participates in many of the sales and purchasing depots accredited above to the Co-operative Wholesale Society. The wide extent of co-operative retailing, as previously indicated, furnishes a good guide to the ramifications of co-operative wholesaling, for in their own respective spheres the C.W.S. and the S.C.W.S. embrace a sectionalisation or departmentalisation which is equally wide. Thus, either looked at from the point of view of the number of departments covered or the aggregate weight of trade, no other wholesale organisations in the world can compare with them. In fact, there is very little that is required by the average British home which is not wholesaled by these great co-operative societies.

The size and importance of these two large co-operative wholesale societies are such that the uninitiated fall into error in thinking that these two great businesses own and control co-operative retail shops. Such a view is quite wrong. In fact the opposite is the case, for they are the national federations of the retail societies and are owned and controlled by the millions of co-operative members through their individual retail societies, with shareholding and voting rights operating in the orthodox democratic co-operative manner.

The retail societies are not forced to make purchases from their own Co-operative Wholesale Society. They can buy as much or as little as they desire and the Wholesale Society has no power to intervene in the affairs of a retail society. Loyal purchasing from the Wholesale Society earns for the retail society a larger influence, for the voting power is based on the amount of its purchases. Retail societies, however, need no sanction to induce them to trade through their own Wholesale Society. They have important ties of self-interest as well as sentiment binding them in co-operative solidarity. All

The Co-operative Movement in Britain

trading surplus made in the Wholesale operations is returned to the retail societies as dividend on purchases, and thus goes to swell the amount available in retail societies for dividend to the individual members. Wholesale dividend, in fact, forms quite an important fraction of the total dividend on purchases received by the consumer.

The range of Wholesale operations has necessitated in comparatively recent times the substitution of a full-time board of directors instead of the part-time service which previously prevailed. Directors of wholesale societies, of course, are entirely elective, but they give full-time professional services.

6. PRODUCTION WITHOUT PROFIT

The entry of the Co-operative Movement into productive industry, and the striking development of some of its efforts in this direction, provide a challenge to Big Business represented in modern capitalism by trusts, cartels and combines. The co-operative principles already outlined operate throughout just as clearly in the field of co-operative production. Co-operative consumers carry out their own scheme of the production of domestic goods required by capitalising such production and allocating surplus on the accepted basis of dividend on purchases per £ of sales, as in the sphere of retail and wholesale co-operative distribution. That such a development of production "by the people for the people" should be found possible as a practical proposition in these days of highly technical large-scale industry is argued to be a final vindication of co-operative endeavour. What has been accomplished so far along these lines is a clear assurance that even if all things are not possible in this respect, at any rate most things are.

The productive efforts of the Co-operative Movement are not, however, represented by any one clearly defined group specially devoted to the work. There are, in fact, several approaches to this task of producing consumable goods and they require careful examination if the position is to be understood completely. At first sight some of the co-operative productive schemes may appear to be contradictory or competitive in character, and the manner in which they dovetail with one another and fit in altogether to form the complete pattern of the Movement as a whole is again due to that peculiar feature of the Movement demonstrated by its loosely knit federation. What often appears to be a constitutional weakness is indeed a source of strength, for it provides a certain degree of necessary elasticity and obviates the danger inherent in a more rigid system.

Retail Production.—Taking the productive enterprises of the Co-operative Movement in order of the basic structure, the first type of production is that

Production without Profit

actually carried out by the retail distributive societies. The development of production in this type of organisation, which is concerned primarily with retailing, is the logical outcome of the consumer, engaged in his own business of shopkeeping, discovering the expedient of doing certain additional tasks for himself as complementary to his main work of retailing. As in retailing generally, there are certain specialised processes, really in the sphere of production, which can well be performed by the retailer because of the advantages of proximity and of intimate and personal supervision.

An obvious case in point is that type of production concerned with the making-up of both men's and women's wearing apparel, particularly outer-wear. Thus there has grown up in the larger retail societies that type of work provided by tailoring workrooms producing, for special order, garments required by the retail customers. Incidentally, linked with this work of actually making-up, there is also that fairly large body of work necessitated by repairs and alterations, such work being ancillary to the work of production proper and to the function of specialised retailing. Several hundreds of the retail distributive societies now have small workrooms for dressmaking, tailoring and millinery, while a few societies have developed this work to the point where it has been found possible to operate successfully textile making-up factories. In a similar manner, but smaller in extent, there have developed furniture, cabinetmaking and upholstery departments and boot and clog-making and repairing departments, although in the case of footwear the larger proportion of the work is represented by boot and shoe repair work.

Commodities which appear in the productions of the retail distributive societies are, however, frequently the last processes only under co-operative direction and would be better described as "pre-distribution service". This, of course, is true of all the production engaged in by retailers generally, but some of this work reaches significant proportions in the Co-operative Movement. Outstanding among this type of productive and service enterprise is the work of *milk pasteurisation*. The Movement retails well over £30 millions of liquid milk per annum, and, as the largest single organisation engaged in this business, caters for approximately one-third of the population of the United Kingdom. Most of the milk is now pasteurised, and the co-operative dairies are among the largest and best in the country. These dairies fall into two groups. Some of the large retail distributive societies own their own dairies, whereas others are owned and controlled by groups of retail distributive societies federated on a district or area basis.

Similar work is carried on by the baking and confectionery departments and the slaughtering and meat preparation departments of the retail societies.

The Co-operative Movement in Britain

A large number of the societies bake their own bread and confectionery, and process their own meat. This work is in support of the large bread delivery services and the butchery shops of the retail distributive societies. The significance of this enterprise by the consumer in such commodities as milk, bread and meat, cannot be over-emphasised in these days when nutrition values are a prominent subject of national discussion. A number of large retail societies own laundries, while some hundreds of societies are catered for in this service by several large federal co-operative laundry and dry-cleaning societies.

There are, in addition, a number of other productive departments operated by retail distributive societies, although not to the same extent. A few societies engage in milling, jam-making and fruit-preserving, printing and bookbinding, saddlery and leather working, etc. About half a dozen societies operate a cinema on a commercial basis.

By the 1940s the value of the productions of retail co-operative societies in the manner described had reached a figure of between £35 millions and £40 millions. In the present century the value had multiplied itself ten times. The number of productive employees is about 50,000. The whole of the value of these productive processes decreases the value of the goods which have to be purchased by the retail societies and thus keeps within the societies a profit element which would otherwise be paid to the organisations supplying the goods.

The Great Wholesales.—Side by side with this production carried on by the retail distributive societies there has developed a type of co-operative production on much more ambitious national lines under the auspices of the Co-operative Wholesale Societies. It was natural that, as the wholesale societies developed their wholesale trade on behalf of the retail society members, and as their capital resources increased, they should turn attention to production. The Co-operative Wholesale Society and the Scottish Co-operative Wholesale Society now figure prominently in the sphere of national production in a large number of important commodities. By the 1940s they operated altogether about 260 factories and workshops, while the number of employees and value of productions were as follows: C.W.S., 43,000 employees; value of productions, £48,500,000. S.C.W.S., 9,000 employees; value of productions, £9,500,000.

The productive work of the Co-operative Wholesale Society was begun in the 1870s by acquiring a biscuit works in Manchester, followed immediately by the entry into soap-manufacturing. The Scottish Co-operative Wholesale Society developed its productive activities similarly, for in 1881 a shirt factory was started, followed by tailoring, cabinet, boot and hosiery factories. In 1887 the society purchased the first land at Shieldhall, Glasgow,



Northern Echo

ABOVE A Co-operative Grocery Department
BELOW Games at a Co-operative Youth Leaders' Summer School



Reynolds News

Tonito houses belonging to a Co-operative Wholesale Society

Production without Profit

which was later to become the site of concentrated productive work carried on by the S.C.W.S.

At the present time the largest productive enterprises of the two Wholesale Societies are represented by the following categories of goods, and the number of factories, value of productions and number of workers in these trades was, as stated in 1940—

<i>Commodities</i>	<i>Factories</i>	<i>Value of Productions</i>	<i>Workers</i>
		£	
Bacon, etc.	5	1,719,255	436
Boots, shoes and currying	11	2,740,960	5,146
Building and engineering	14	2,579,878	3,791
Butter	3	1,921,806	107
Clothing, mantles and furs	20	2,351,621	6,538
Drysalterv and packed goods	5	2,650,186	1,810
Flour and meal	12	9,481,115	2,071
Margarine, etc.	2	2,239,438	1,063
Milk products	22	4,703,404	1,149
Preserves, peels, pickles, etc.	11	3,251,696	2,963
Printing, bookbinding, etc.	8	1,706,769	3,366
Provender and cattle foods, etc.	8	1,774,895	562
Soap, candles, starch, etc.	4	3,066,904	1,960
Tobacco, cigars and cigarettes	2	3,514,603	1,012

Although up to the present the two large Wholesale Societies are quite separate organisations, there is a very close liaison between them. Indeed, in some fields they have linked hands definitely in a constitutional sense. Early in the present century the two Wholesale Societies joined in purchasing two large tea estates in Ceylon, and since then other tea estates have been acquired in Assam and South India. Large cocoa and chocolate works at Luton are also owned by the two Wholesale Societies, and they now occupy an important place in the nation's trade in tea blending and packing and in the manufacturing of cocoa and chocolate. For some years this work was carried on by a joint committee of the two societies, but in 1923 a special federal society comprising the two was registered known as the English and Scottish Joint Co-operative Wholesale Society.

These productions of the two Wholesale Societies, now approximating to £68 millions per annum (compared with just over £4 millions at the beginning of the century), are perfectly in union with the productions of the retail societies and are equally production by the consumer for the consumer. The capital is provided by the individual members of the retail societies and is passed through the retail societies and wholesale societies to find an outlet in this

The Co-operative Movement in Britain

manner. Similarly, the surplus profit earned in these productive spheres is returned, in the form of dividend on purchases, again to the individual member. Thus the co-operative method is now established firmly in production, for in the main commodities co-operative products have passed far beyond the experimental stage and have made a reputation for themselves in a national sense which leaves no room for doubt about the success of such ventures. Actually, it is in this particular field that there is great scope for much larger co-operative development, and the future may see a great extension of co-operative production as the available capital of the individual members of retail societies is collected and turned to a good trading account in this sphere.

A special society, recently formed, furnishes an example of international co-operative development in co-operative production, and in that sense is particularly interesting. It is the British Luma Co-operative Electric Lamp Society, established in 1936. The factory was officially opened the week before the war in September 1939. In this, the first international co-operative productive unit, the share capital is held in the proportion of two-thirds by the Scottish Co-operative Wholesale Society and one-third by *Kooperativa Förbundet* of Sweden (Swedish C.W.S.). The primary objects of this new undertaking are the manufacture of electric lamps and gear. Sales in 1940 amounted to 1,428,807 lamps.

Productive Societies.—Before leaving this aspect of the subject concerned with co-operative production, there is a further section to be noted. The productions of the retail societies and the wholesale societies are directly in line with the consumer basis of the Movement and are in fact schemes promoted by the consumer. The other aspect of the subject is that concerned with the worker as such. There are a number of producers' co-operative societies organised on co-partnership lines, about 40 in number, which are closely linked with the Consumer Movement. The roots of these societies, being primarily societies of workers, are found in the earlier self-governing workshops which existed in Great Britain in the eighteenth and early nineteenth centuries. As time passed, certain modifications have taken place in these organisations and now the membership of most of them consists of the workers actually employed plus the retail distributive societies, together with some individual members other than those stated. The principle on which they are operated is that the workers shall have the right of shareholding, and a share in the management and also in the profits, while the practice of allocating a dividend on purchases is also established.

These organisations which find their chief market in the retail societies are exceptionally co-operative in character, and working in relatively smaller

Production without Profit

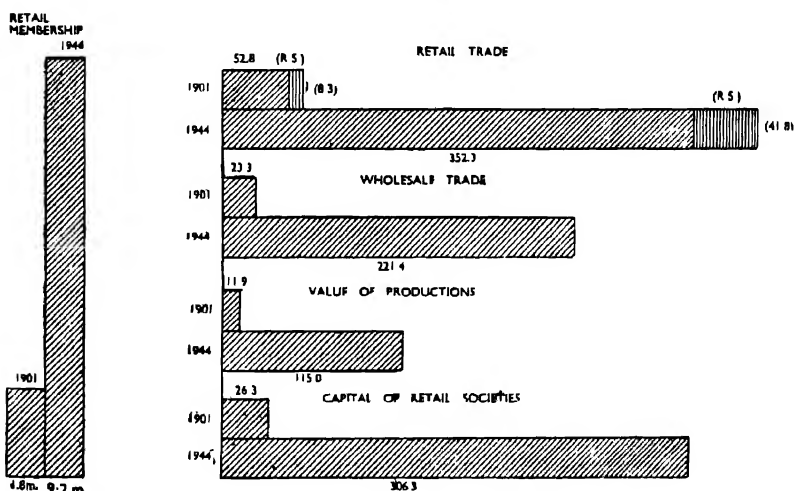
groups, a traditional craftsmanship is one of their principal features. While standing apart, as it were, from the consumer societies, they are closely associated with them and they provide one of those harmonious co-operative contradictions to which attention has been drawn previously. They have their own special federation known as the Co-operative Productive Federation which brings them into closer contact with one another and enables them to market their goods and secure capital for development.

They have not shown the same spectacular development as the consumer societies in the sphere of production, but their work is important. At the beginning of the present century their trade was just over £1,000,000, and

DEVELOPMENT OF THE BRITISH CO-OPERATIVE MOVEMENT

IN THE 20th CENTURY

(Figures in £'s Millions)



(R 5.3) - Surplus (including Share Interest) of Retail Societies

now it has reached approximately £3,500,000. The societies are usually classified in four main groups as follows, with the value of productions stated :

	£
Clothing	1,900,000
Footwear	1,300,000
Printing, etc.	166,000
Metal-work	202,000

These societies employ in the aggregate about 7,500 persons.

Two other prominent societies of a special type, not included in any of the main categories mentioned hitherto, are engaged in the printing and publishing trades. They are the Co-operative Printing Society and the Co-operative

The Co-operative Movement in Britain

Press Ltd. Both have sales of over £300,000 per annum, and the latter publishes co-operative weekly papers and the national Sunday paper, *Reynolds News*.

The Achievement.—Altogether the co-operative productive processes of the retail, wholesale and producer societies have grown in value from approximately £12 millions to £115 millions during the present century. At the same time the variety of trades covered has been developing steadily. As a proportion of the basic retail trade of the British Co-operative Movement the figure has increased, but there is room for much extension yet. The important fact which emerges, however, is that the Co-operative Movement produces for its own members over £100 millions of goods which otherwise would have to be purchased outside. Thus, *inter alia*, co-operative employment is increased, the quality of the goods produced is kept under co-operative control and the profits at further important stages in the economic chain are kept within the co-operative structure and returned to the consumer. The importance of this production is its success according to the high standards of modern industry. Another step has now been taken towards the full co-operative plan, covering distribution and production, and as exemplified, for instance, by the tea estates of the wholesale societies, the final co-operative stage has been at least entered upon, viz., the co-operative control of raw materials. For some years, intermittently, friendly official conversations have taken place among the various types of co-operative producing units, with a view to the complete co-ordination of all types of co-operative production. At the present time, however, the work of co-operative production is carried on as described above. Perhaps the disadvantages of a traditional element of British conservatism are, in this instance, offset to some extent by the advantages which spring from an intimate domestic rivalry.

7. A PEOPLE'S BANK

Nowhere is the democratic nature of the British Co-operative Movement better illustrated than in the basis of its financial structure. There is no place provided for the would-be capitalist.

Any person of sixteen years of age may become a member of a retail society on payment of a small entrance fee. A minimum shareholding of £1 is necessary, but this is usually made up out of the trading dividend accruing to the member. It is contrary to British law for a member to hold more share capital than £200 in a co-operative society. Only a modest proportion of members have the maximum shareholding. Indeed, some societies limit the maximum to a lower figure than that laid down by the law; to, say, £100. The average shareholding for all retail societies is only about £20 per member. Thus the Movement, by common consent, limits its shareholding apart from

A People's Bank

the law, and, even so, has considerably more capital at the present time than is used in co-operative trading activities.

Co-operative societies have also power to raise loan capital if provision is taken in their Rules. A considerable amount of money is raised in this form. Included, for convenience, in the figure of loans of co-operative societies is about £8½ millions, representing the Small Savings or "Penny Banks" organised by retail societies. Then, apart from these two groups of individually owned capital funds, the societies have their Reserve Funds which represent a collective capital. In 1944 the three mentioned funds of all retail societies were as follows :

	£
(a) Share claims	222,302,324
(b) Loans	65,345,391
(c) Reserves	18,668,959

The rate of interest on shares is strictly controlled, largely dependent on the general interest level of the country. Loans usually carry a slightly lower rate of interest than shares. At the present time the rates might be, say, 3 per cent on shares, 2½ per cent on loans. The dominant feature in a society all the while, however, is trade, and most societies impose a trading qualification. Thus, if the trade of the member does not reach a stated figure, the member suffers a slight reduction of, say, ½ per cent in share interest rates. This is done to encourage co-operative trade and to discourage persons from using the society merely as a "gilt-edged" investment trust.

The capital position of retail societies is closely linked with the system of paying dividend on purchases. About one-half of the annual increment in share capital results from dividend on purchases which members have transferred to their share accounts rather than withdraw in cash. By far the greater proportion of the shares of retail societies is withdrawable and only a relatively small amount is in the form of transferable shares. The 1944 figures are : withdrawable, £221 millions ; transferable, £1 million. The withdrawable nature of co-operative share capital is particularly important, for members use their retail societies as a workers' bank. Facilities for easy withdrawal affect their financial administration and policy considerably.

Employment of the capital of retail societies, apart from the major differences in the size and location of societies, is generally uniform. A national balance-sheet of the aggregate figures of all retail societies in 1944 indicated that approximately £26 millions was taken up by stocks. Book value of the properties of retail societies was £52 millions, a conservative valuation, because societies pursue a systematic depreciation of such fixed assets in accordance with the best tenets of accountancy.

The Co-operative Movement in Britain

A surprisingly large amount of the assets of the retail societies is represented by their investments of £235 millions; indeed the investments of some societies are sufficient in amount to repay all their share and loan claims while leaving the remaining assets intact. The bulk of the investments is in other co-operative undertakings, for it is this capital of the individual consumers, collected through their retail societies, which goes to finance other co-operative undertakings, such as federations formed for special purposes and including the two great Wholesale Societies. Over £100 millions of the investments of retail societies are lodged with other co-operative enterprises and the Banking Department of the Co-operative Wholesale Society. Facility for easy withdrawal of share capital must always be borne in mind, so that, in addition to financing other federal societies, the retail societies always keep a sufficient amount of fluid capital to meet any calls.

Other types of co-operative society, for the most part, have equally good balance-sheets from a financial and accounting point of view, and bearing in mind that some of the items are duplicated, it is possible to set forth an aggregate balance-sheet for the British Co-operative Movement below. Note the items that are duplicated in the aggregate balance-sheet are: Share and Loan claims (which include both the claims of the retail members on their societies and the claims of the retail societies on the co-operative societies which they constitute) and Investments (which include the investments of the retail societies in the co-operative societies which they constitute and the investments of all types of co-operative society outside the Movement, including the large investments of the two Wholesale Societies and the Banking Department of the C.W.S.) in British Government Funds and Colonial Government Funds, etc. There is little speculative investment indulged in by co-operative societies and a negligible amount only is invested in joint-stock companies. Apart from national funds, there are considerable investments in local authorities and public boards, and building societies. The Co-operative Wholesale Society, largely through its Banking Department, has very heavy investments in Government Funds and War Funds. Over £180 millions is represented by investments of the C.W.S.

NATIONAL BALANCE-SHEET OF CO-OPERATIVE MOVEMENT

<i>Liabilities</i>	<i>£ millions</i>	<i>Assets</i>	<i>£ millions</i>
Shares . . .	248	Stocks . . .	38
Loans . . .	291	Property . . .	66
Reserves . . .	97	Investments . . .	519
Sundry liabilities . . .	48	Various assets . . .	61
	£684		£684

A People's Bank

The shares of the two Wholesale Societies, unlike the shares of the retail societies, are transferable and not withdrawable (as also are the shares of the federal co-operative societies). A greater proportion of the capital of the Wholesale Societies is in the form of loans and includes, as stated, the funds of the Banking Department of the C.W.S.

The magnitude of the capital sums involved provides an indication of the extent of co-operative developments in the United Kingdom. The personnel of the Movement now contains within its ranks highly technical staffs and trading and financial advisers and administrators necessary for the efficient control of such a huge organisation. Yet huge totals are merely an aggregation of the workers' savings brought together through the retail co-operative societies.

C.W.S. Bank.—One of the most conservative businesses in Great Britain is that of banking. Like the law, it stands in a special place in the commercial world. The British Co-operative Movement has not only entered this specialised branch of commerce, but now ranks as a national banker of size and importance, and of special repute. By 1944 the development of the bank operated by the Co-operative Wholesale Society was indicated by the following amazing figures :

Number of current accounts	. . .	51,146
Number of deposit accounts	. . .	36,948
Total Assets	. . .	£217,894,789
Turnover	. . .	£1,150,465,527

Through its Banking Department the C.W.S. acts as banker for all types of co-operative society, trade unions and friendly societies, other democratic organisations, as well as individual members. The sight of a cheque bearing the printed words "Co-operative Wholesale Society Ltd.—Bankers" is worthy of some reflection as a classic example of the manner in which the co-operative idea has invaded a unique sphere of business. The consumer has done it again. Once more, through the mutual system of organising co-operatively, he has taken to himself a peculiar function of commerce and has operated with success on exactly the same co-operative principle. Co-operative banking was first discussed in 1869, but at that time the co-operative societies were expressly denied the privilege of banking by law. This difficulty was overcome at the onset by the establishing by the Co-operative Wholesale Society of a Loans and Deposits Department in 1872. In 1876 the legal difficulty was partly removed by an amendment of the Industrial and Provident Societies Act, and the Loans and Deposits Department was transformed into the Banking Department. The bank has only two or three branches, but the retail co-operative societies and other banks in each town act as its agents, while one of the large

The Co-operative Movement in Britain

national banks acts as its agent in so far as the London Clearing House is concerned.

Ordinary banking is confined to the C.W.S. The S.C.W.S. at the present time is examining the proposition that a similar service should be commenced for Scotland.

Ordinary banking by co-operative societies is not permitted if the society has any withdrawable capital. Thus the retail societies are debarred from engaging in the business of ordinary banking. Most of them (about 900) organise banks for small savings, described as "penny banks", through which, to satisfy the law, not more than 10s. may be deposited at any one time and no person may hold more than £20 in an account. These "penny banks" have played an exceedingly important part in encouraging thrift, particularly among the children of members, and many have been able by this means to supply themselves with things which otherwise they would not have been able to enjoy. (The first bicycle of one of the authors was "saved up for" in this manner.) The £8½ millions of these small savings deposits is a further addition to the capital funds of the British Co-operative Movement.

Co-operative Insurance.—Co-operative insurance on a commercial basis is represented by another joint undertaking of the two co-operative wholesale

STATISTICS OF THE CO-OPERATIVE INSURANCE SOCIETY 1944

	<i>Premiums</i>	<i>Claims</i>		<i>Insurance Funds</i>
		<i>Number</i>	<i>Amount</i>	
	£		£	£
Life—Ordinary . . .	2,270,935	12,894	1,262,239	52,066,848
Collective . . .	671,445	64,913	619,119	
Industrial . . .	8,664,736	395,515	3,141,195	
Fire . . .	519,895	30,576	192,871	597,207
Accident and General . .	777,704	18,362	353,182	810,580
Employer's Liability . .	246,203	8,956	211,621	401,141

societies. In 1867 a Co-operative Insurance Company was formed, and in 1899 this company was changed to the Co-operative Insurance Society. In 1913 this society was taken over by the Co-operative Wholesale Society and the Scottish Co-operative Wholesale Society. All types of insurance business are undertaken by the society. Experience shows that the business of insurance, the essence of which, in a general sense, is the pooling of risks with emphasis on the principle of mutuality, is well suited to co-operative organisations.

Self-Employment

The Co-operative Insurance Society is in a special sense linked with the people who form it, because, in addition to life, fire, endowment, accident, burglary, fidelity and general insurance, it organises a system of Collective Life Insurance by means of which other co-operative societies may insure the whole of their members by taking out a single bulk policy based on retail trade. Thus by joining a retail distributive society and sharing in the value of mutual trading, persons automatically become insured. The social value of such a scheme needs no further emphasis.

One of the finest testimonials to the success of co-operative insurance is provided by the following extract from the Report on Social Insurance and Allied Services prepared for the British Government and published at the end of 1942. The Report is now commonly known as "The Beveridge Report".

"The company employs now about 3,600 agents remunerated on specially favourable terms, including 50 per cent of the premiums for the first 40 weeks and entitled to book interest. The low expense ratio achieved is presumably due, among other things, to its having a selected clientele and exceptionally easy means of canvassing. Its progress may fairly be attributed to combination of three factors: appeal to co-operative sentiment, favourable terms to the policy holders, and the strong incentive given to the agents by their terms of remuneration and by book interest to develop their business."

It is worthy of note that the Co-operative Insurance Society has declared itself in favour of the principles in "The Beveridge Report", in spite of the financial consequences of the operation of such a scheme on the premium income of commercial insurance undertakings.

The British Co-operative Movement is also specially interested in two societies acting under the National Health Insurance Scheme, namely,

1. The Co-operative Wholesale Society Health Insurance Section, and
2. The Scottish Co-operative Friendly Society.

The Co-operative Wholesale Health Insurance Section has upwards of 600,000 members.

8. SELF-EMPLOYMENT

The army of 350,000 co-operative employees provides a test of the Movement's social gospel. How are they treated? How do their conditions compare with those of their competitors? One significant fact is that the bulk of the male employees remain in co-operative service all their lives or until they qualify for a pension. All but a small fraction of these workers are pensionable as a right—a rare condition in the general retail trade and in

The Co-operative Movement in Britain

most other callings. Rare, too, is trade union membership in the general retail trade, but by contrast, trade unionism is universal among co-operative employees in those trades and callings where only 5 or 10 per cent of the shop workers, clerks and the like employed by general distributive industry are members of trade unions. In many co-operative societies trade union membership, in fact, is a condition of employment. Wages and conditions of co-operative employees, therefore, are negotiated by strong trade unions and the agreements made are honoured. There is no doubt that the wages, hours of work, holidays with pay and pension rights of the co-operative employee are superior to those in comparable commercial establishments. Significant proof of this is to be found in the operation of governmental Trade Boards for certain distributive and other industries where weak trade union organisation has necessitated State intervention for the establishment of minimum wages and conditions. These regulated rates, however, do not touch the Co-operative Movement because their existing rates are well above Trade Board minima.

Co-operative employees have considerable voice in the direction of the business which provides their livelihood. In a real measure they are self-employed, being rank-and-file members of the co-operative societies which give them employment. Fears are sometimes expressed that co-operative employees have too much direction of their own affairs; that their special interest as employees may override the general interest which they have as shareholders. Some societies attempt to meet this contention by prohibiting employees from being elected committee-men of the society; others have rules which limit the number of employees who may be so elected. On the other hand, there are societies where there is no exclusion. The desirability of employee representation is debatable; what is a notable fact is that co-operative societies with employee members varying in degree of elective responsibility have operated and are operating successfully. Possibly common sense creates a sense of responsibility.

Strikes and lock-outs are extremely rare in co-operative service. Good sense and mutual interest are perhaps the basic reasons for this creditable record, but the Co-operative Movement does not leave the matter to chance and has organised an elaborate system of negotiation and conciliation covering all employees and culminating in the National Co-operative Conciliation Board to which all disputes, large or small, not yielding to settlement in the early stages, must go for final decision. The National Conciliation Board consists of an equal number of trade union and co-operative society representatives under the presidency of a distinguished industrial specialist. Should the two sides of the Conciliation Board agree unanimously, or by a majority of both

Self-Employment

sides, in favour of a particular point of view, the chairman's function ends with recording their decision.

Decisions of this type are commoner than would be thought likely. In cases where there is a definite cleavage of opinion on the Conciliation Board, however, the chairman then has the duty imposed upon him of giving a judgment binding on the parties, even if this means the chairman prescribing a million pound increase in wages for co-operative societies to pay or a corresponding reduction for co-operative employees to receive.

Peace in Industry.—All co-operative societies as members of the National Conciliation Board are amenable to this provision, and so, too, are the trade unions catering for the different grades of trade. By the original terms of membership of the National Conciliation Board, no trade union might launch a strike nor any co-operative society a lock-out until the case in question has been before the Conciliation Board. Since 1939 co-operative societies and trade unions have completely outlawed strikes or lock-outs by accepting the principle of compulsory arbitration by the chairman, and this well before similar provisions were introduced as a war necessity for most of the vital industries. The multitudinous employees of the Co-operative Wholesale Society—craftsmen, transport workers, clerical workers, factory hands—are organised separately in a Conciliation Board on similar lines so that the preservation of industrial peace by compulsory arbitration is wellnigh universal.

The complete system of negotiation and conciliation in the Co-operative Movement is all the more remarkable because it gives an impression of the solidarity of a single employer. In point of fact, there are over a thousand separate co-operative societies each of which, in law, could make its own bargains with its own employees. Loyalty to the Co-operative Movement as a principle and collective bargaining as a businesslike expedient secure the voluntary operation of compulsory arbitration—a truly British contradiction.

Chance of Promotion.—Promotion within co-operative service is generally from rank and file, and though continuity of service with one society is probably the rule, it is not unusual for an ambitious worker to seek more experience and responsibility by taking a bigger job with another co-operative society. Many good managers of big societies better their position by progressive changes from society to society, which is recognised as a useful method of finding the right level for talent and initiative. Critics of co-operative service go so far as to say that a more general movement of co-operative employees during their business life would ventilate the Movement with new ideas and give employees a more varied experience. Scores of thousands of those employees certainly obtained experience during the war, for the Services

The Co-operative Movement in Britain

mobilised from Co-operative shops, offices and factories such a number as would man the peace-time army of a small Continental country.

9. SOCIAL SERVICE

The most important element in the British Co-operative Movement is not its vast trade or capital resources, but its social service to its own members and the general public. The relationship between economic and social conditions is obvious. The British Co-operative Movement has been responsible for a peaceful revolution in both the economic and social sphere. Co-operators seek a new spirit in industry and social life ; to replace competition by the harmony of co-operation ; to make the welfare of all the aim of each ; to give to trade and commerce a moral basis ; and by co-operative effort to raise the standard of life.

Education.—Education attracted the attention of the earliest co-operators. The Rochdale Pioneers in 1844 proposed, in the plan which constituted the first of their rules, " to arrange the forms of production, distribution, education and government ". Before education became a recognised public responsibility, co-operative societies were carrying on class work in commercial, scientific and general subjects in addition to providing libraries, clubs and news-rooms. The unit for the work of co-operative education is the individual retail society, where usually a special Education Committee is found to function. This local work includes the organisation of classes, study groups, public lectures, one-day and week-end schools, circulation of literature, and general social activities. In the small industrial towns and large villages of the United Kingdom much of the social life of the working class centres round the lectures, concerts and gala days organised by the local co-operative society.

Co-operative educational work is directed nationally by the Co-operative Union, whose Education Committee organises all the national advisory work. The Union issues a comprehensive programme of education, including syllabus on social and technical and commercial courses—the technical and commercial courses being designed primarily to meet the needs of co-operative workers. A special programme of " Home Study " Courses has been prepared and issued during the war to supplement the general programme. Immediately before the war the technical courses included in the Co-operative Educational Programme had reached a very high standard, and a considerable number of classes were organised in conjunction with the local educational authorities. In the

Social Service

session 1938-39 the following statistics were published covering this work :

	<i>No. of Classes</i>	<i>No. of Students</i>
Social subjects	345	6,789
Employees' courses	1,350	23,529

The Education Committee also administers the Co-operative College. Its full-time students include many British students who attend with scholarships provided by co-operative societies throughout the country. Many officials of the British Co-operative Movement are former students of this, founded in 1919 as the first Co-operative College in the world. The international repute of the College is demonstrated by the fact that since its inception students regularly attend from all the five continents ; one is Minister of Economic Affairs in the Swedish Cabinet.

The war interrupted the work of the Co-operative College, as all other forms of adult education. Short-term courses were arranged. Polish and Canadian soldiers attended in regular groups, and so, too, did Indian and Jamaican war workers.

Postal tuition is also organised by the Education Committee for students who cannot attend the local classes or the College. The College also acts as a national examining body for the British Co-operative Movement and awards certificates and diplomas. In 1939 there were 18,000 examinees presented.

Supplementary to this "official" educational work, social, educational work and propaganda are undertaken by the Co-operative Guilds—autonomous organisations of members with local branches and a national federation. Their primary purpose is to train members in co-operative principles and administration, and to fit them for better service in the Co-operative Movement and public life. Their activities include regular lectures and discussion, formulation of public opinion, and development of co-operative ideas. About 150,000 men and women are members of the Guilds.

The work of Co-operative Education is associated in a very friendly manner with other national schemes for adult education such as the Workers' Educational Association : indeed several prominent co-operators were among those responsible for the inception of the Workers' Educational Association at the time when the Rev. William Temple, who afterwards became Archbishop of Canterbury, was likewise actively interested, as well as his predecessor in that high office.

Youth Work.—Even the war was not allowed to hinder work for young people of co-operative families. Tens of thousands are normally in touch through Children's Guilds and are now organised in three age groups, viz.,

The Co-operative Movement in Britain

Rainbow Playways (7-11), Pathfinders (11-15), and Youth Clubs (15-20). The work is recognised, approved and subsidised by the Ministry of Education, and the Youth Clubs grow in number and effectiveness day by day in spite of many other calls on time and services. The motto of Co-operative Youth, "I Serve", is an indication of the intention of the Youth Movement to make good co-operative citizens. Games, arts, crafts, outdoor as much as indoor, drama, debates, hobbies, as well as community service make the Clubs popular and their existence continuous.

Insurance.—The commercial activities of the Co-operative Insurance Society are dealt with earlier. Most co-operators are, however, insured free of charge through their society's Collective Life Assurance Scheme under which the co-operative member and the wife or husband of the member receives a death benefit payment without any direct premium. The amount of benefit is directly related to the amount of trade transacted by the member in the year prior to the death. The Co-operative Insurance Society is responsible for Collective Life Assurance Schemes operated by 786 societies. In addition a number of retail societies—186—organise their own death benefits fund. Most of the claims provide working-class homes with a sufficient amount to pay for funeral expenses and meet additional domestic expenditure.

In Charity.—Immense sums of money are given by societies annually to hospitals, convalescent funds, scholarships, church organisations, benevolent institutions and other charitable causes locally and nationally, in war and peace. The total is hard to aggregate but is known to be between £150,000 and £200,000 per year and, with special war charities, may now amount to £250,000.

The Movement owns and controls several big convalescent homes, some of which served as Army hospitals.

Probably the most important feature about these various co-operative "Social Services" (only a few of many such ventures) is that they represent the *collective* use of co-operative surpluses. If they are charged as expenses they reduce the amount available as surplus. For the most part, however, the payments are allocations from surplus and the members reap a collective benefit exactly in the same way as dividend on co-operative purchases provides an individual benefit. For the most part the money for educational work is provided for by allocations from surplus, and in 1939 the amount thus allocated by all societies was over £300,000. Economical use of co-operative surpluses collectively is visibly on the increase.

Co-operative Union for Social Influence.—The social service element in British Co-operation is jealously preserved by a special institution whose main functions

Social Service

are to promote, defend and extend Co-operation as 'a social service. This institution is the Co-operative Union to which all societies (including the wholesale, productive and special societies) are affiliated, and through which the Co-operative Movement achieves solidarity and unity of ideal and purpose in every sphere of activity. Through the Co-operative Union, the Movement touches every aspect of national life from Parliament to peasant. Through the Co-operative Union, the British Movement is affiliated to the International Co-operative Alliance as a leading unit in world co-operative organisation. Membership of the Co-operative Union is a guarantee that a society is truly co-operative in fact as well as name, and that its strength and endeavours will be turned towards social betterment. In a sense, the Co-operative Union is the permanent Cabinet of Co-operation, for its Central Board, democratically elected through constituent societies, guides the policy of the Movement—not only its trading and economic policy, but also its social, educational and political outlook—subject always to the agreement of the Co-operative Congress, the famous annual delegate gathering, which is the true Parliament of British co-operators.

The British Co-operative Union, like the Co-operative Wholesale Society, has headquarters in Manchester, still the co-operative capital city, and sectional offices in different parts of the country, with a specialised full-time staff dealing with problems of policy for which it has an open charter, including promotion of desirable fusions between societies, arbitration on trading boundaries, negotiation and conciliation with employees' organisations, drafting of societies' rules, commodity control from the consumer angle, publicity and public relations, business research and statistics, and education, including the Co-operative College.

It even has its own Parliamentary Committee, constantly making representations to the Government of the day, again from the consumer angle. The Co-operative Union secures direct representation in the British Parliament through one of its auxiliary organisations, the Co-operative Party, whose representatives play a large part in the municipal activities of town and district councils, as well as Parliament.

The Co-operative Union, however, is not a trading body and derives its revenue principally from subscriptions from co-operative societies at the rate of 2d. per member. Affiliation to the Co-operative Union is entirely voluntary, but universal. The Co-operative Union may even claim to be part of the economic machinery of the nation, for it is specifically mentioned in a number of Acts of Parliament as one of the bodies which has the right of nominating representatives to certain Statutory Authorities.

The Co-operative Movement in Britain

Lately the Co-operative Union has added another important responsibility ; it has joined with the Trades Union Congress and the Labour Party in the National Council of Labour, a triune expression of working-class solidarity which places Co-operation in a position of authority as spokesman of the people. Thus the ambitious social services of the Co-operative Movement have been immensely reinforced by the passage of years, and the Rochdale Pioneers would indeed be surprised at the power and influence which have been freely accorded in a democratic State to the representatives of what is a true economic democracy.

10. IN THE FIGHT FOR DEMOCRACY

On the day the war started the Co-operative Union gave wholehearted support to the nation's war effort and immediately put into effect many important emergency measures previously prepared to meet the fateful contingency. The Nazis and Fascists were old enemies of the Co-operative Movement. Wherever Nazi and Fascist dictatorship penetrated, the free and voluntary democratic Co-operative Movement ceased to exist. The first co-operatives were sacked by the Italian Fascists as far back as 1922. In Germany, Dr. Ley stole the existing co-operatives lock, stock and barrel and, with true Nazi thoroughness, turned them over as property for the enemies of Co-operation. Many prominent European co-operators took refuge in Britain. Ever zealous in the cause of freedom and democracy, co-operators did everything in their power to support the nation in its hour of trial. When Mr. Churchill, in the fateful days of June 1940, surrendered control of the Navy to take over the Premiership, it was to a Co-operative Union official—the Rt. Hon. A. V. Alexander, M.P.—actually in session at the Co-operative Congress, that he committed the care of Britain's Senior Service. Mr. Alexander held that high post in the Cabinet until October 1946 when he became Minister of Defence. Co-operators are proud that the man who was at the helm in the successful fight against the U-boats is one of their national officials and a Co-operative M.P.

Leading co-operators occupied many important war posts, especially those concerned with the control of food and raw materials. In the common struggle they worked side by side with the representatives of their one-time competitors. On the Central Price Regulation Committee, which fixed the price of well-nigh every manufactured commodity on sale, the General Secretary of the Co-operative Union (Lord Rusholme) played a prominent part.

The great reservoirs of savings made by Co-operation were poured out

In the Fight for Democracy

liberally to sustain the financial side of the conflict. Scores of millions of pounds of new savings were invested in War Loan to add to the already gigantic holdings in national security, estimated to total £150 millions.

Food, the first munition of war and the most indispensable, was more extensively handled by the Co-operative Movement than by any other group of traders, and in addition to the great national commodity controls, the Co-operative Movement was, by special regulation, granted representation for each of its local societies on the appropriate Local Food Committees, along with representatives of other types of trade. Equitable distribution of foodstuffs was a brilliant tribute, not only to the organising skill of the British people, but also to that talent for voluntary service in local organisations which has been fostered by Co-operation. When petrol was as precious as gold, available transport was pooled in town and village with enormous saving of effort, and all this was done by the older generation of co-operators, including the womenfolk.

The younger generation, male and female alike, was taken into the Services. Probably, an army of over 100,000 people was recruited from co-operative employees alone for the Navy, Army, and Air Force, the W.R.N.S., A.T.S., W.A.A.F., and nursing services. Their places were filled by co-operative pensioners called back from retirement, and married women left their households to take on duties when their husbands had joined the Forces. Most of these temporary workers were also doing Home Guard or Civil Defence duties in their spare time. This was no light task.

Because there is a co-operative society building everywhere in Britain, it follows that co-operative societies suffered damage in most of the big air raids. This prospect was envisaged even before the war and, because of identity of interest, the Co-operative Union was able to organise schemes of mutual aid between groups of neighbouring societies, schemes which provided for the replacement of any goods or services stopped through enemy action. If one society's bakery was smashed, it could rely on its neighbouring society to make up immediately and unconditionally all the lost bread services. The value of these arrangements was tested and proved in the first Coventry blitz when every building of the Coventry Society was damaged in some degree and the Central premises were wholly destroyed. It is recorded that the last German bomber had hardly left before co-operative lorries were rolling into the city with ample supplies of food and other necessities for anyone in need.

In all the big blitzes of 1940-41 co-operative societies suffered; in London, Birmingham, Bristol, Plymouth, Manchester, Sheffield, Portsmouth, Glasgow, and hundreds of other places. Hundreds of co-operative buildings were destroyed, *but no co-operative society*. It became a point of honour that the

The Co-operative Movement in Britain

co-operative society should continue its essential services to its members in all circumstances. A casualty roll was incurred, but tradition was maintained.

The whole of the trading activities of the British Co-operative Movement were willingly harnessed to the war-time economy of the nation. In the sphere of production the Movement played its part well. Co-operative clothing factories engaged on the manufacture of Utility clothing, the Utility clothing scheme being an interesting experiment in a type of production linked with price control. Co-operative furniture factories produced Utility furniture for sale on a permit system giving priority to those with special needs. In other instances, co-operative factories engaged not only in the production for war purposes of clothes and other requirements for the Services, but also on the direct production of war goods.

II. A WORLD-WIDE MOVEMENT

The success of the British Co-operative Movement was the principal cause of the spread of the Co-operative Movement in some form or other throughout the civilised world and beyond. For two generations now the Co-operative Movements of the world, based on the Rochdale principle, have been linked through the International Co-operative Alliance, a body which owes its inception to the missionary zeal of British co-operators. Before the war the Alliance covered 39 countries with an affiliated membership of 100 million and a turnover computed to be equivalent to £1,660,381,000. The war interfered with communications between the I.C.A. in London and many of its Continental members, but what it lost temporarily in the Old World it gained by the fresh adhesions of growing Co-operative Movements in the New World.

There are Co-operative Movements not yet in full communion with the I.C.A. but undoubtedly based on the Rochdale ideal and fully in accord with its spirit. In all countries the Movement tends to centre around the needs of the people so that a great variety of types of society has been produced—in India, U.S.A., Canada, Denmark, Finland, Sweden, Italy, Poland, Czechoslovakia, Switzerland, and other countries. Chinese Industrial Co-operatives developed on an enormous scale during the war with Japan. A number of South American countries, too, have Co-operative Movements in great variety, steadily growing in size and importance and recently protected by special laws.

So far from having destroyed the Co-operative Movement—as the Dictators desired—the war experience has widened and deepened the Movement's appeal

Future Prospects

The co-operative system has proved ideal for the work of reconstruction and rehabilitation. In Yugoslavia, for example, as in many other countries, U.N.R.R.A. supplies were distributed through co-operative societies. In Italy there has been an immediate revival of the old tradition of a wide range of co-operative institutions under genuinely democratic control. Even in Germany the revival has begun. In Czechoslovakia, Poland and throughout the Balkan Peninsula Co-operation is in charge of a definite sector of the nation's activities. The restoration of international contacts following war was crowned by the International Co-operative Congress in 1946.

12. FUTURE PROSPECTS

The British Co-operative Movement has just started its second century as a tangible and concrete organisation. What are its future prospects?

There is evidence that the Movement is not unmindful of future economic and social change in national and international spheres. As a matter of fact, it is at present taking careful stock of its position and of general tendencies likely to affect future development. Various authoritative committees are dealing with problems of reconstruction and reorganisation necessary to fit the Movement for its place in the post-war world. Often in the past new circumstances have been met by an application of the theory of federation. The British Movement, as it exists at present, emphasises what can be achieved on the basis of federation. Exploratory work in regard to future development seems to point to an extension or variation of that same principle of federation. Thus the suggestion of the formation of District or Area Societies on a federal basis in order to complete the chain of co-operative services is based on that element of federation that is inherent in the Movement. The following note by an informed co-operative writer illustrates the manner in which the Movement is thinking in relation to this subject :

"In federation, the Co-operative Movement possesses the instrument to produce the optimum size of retail unit, either for goods or services consistent with modern business organisation, without the risk of sacrificing democratic control or the right of minorities. This should be the answer of the Movement to the 'holding company' of capitalist economy. Federation is inherent in the basic membership structure of the Movement and the conservative element of vested interest should never be allowed to obstruct its application. . . . The principle of federation is large enough to permit at any time the necessary adjustment in co-operative activities." With normal goods in short supply the British Co-operative Movement

The Co-operative Movement in Britain

has turned in its constant search for development to new and promising services. It launched on a national scale a chain of holiday services from first-class hotels to camps and youth hostels which are operating successfully. Theatres, cinemas, dances, entertainment and drama of all kinds are being acquired and run by specialised societies. New housing ventures are under way, and in Scotland, "Luma", the special society for the production of electrical equipment, is bringing the very latest novelties of the science of illumination into actual production for workers' homes. New household equipment is on the stocks. Dry cleaning, like laundry, is now becoming a major concern of most societies.

Most significant of all, co-operative educational work is booming too. The Co-operative College at Stanford Hall, once the luxury home of a millionaire, is now thronged with students, many of them seeking to re-equip themselves for their old jobs interrupted by six years of war. The new College has its own private theatre.

The General Election of 1945 returned 23 Co-operative Party candidates to Parliament, two of whom are of Cabinet rank. Two other co-operators occupy places in the Upper House. Indeed Britain's tradition of peaceful revolution is completely exemplified by the co-operative march from the slum street of Toad Lane, Rochdale, to the Cabinet room at 10 Downing Street. There is hardly a town or village in the country that does not owe a debt to the practice of co-operation. There is hardly a trade or calling in which its influence is not felt.

Neither wars nor slumps have been able to arrest its gradual development. Through all the changing times British co-operators have held fast to their century-old principles. All the world over the same Rochdale Principles have taken root, with a variance appropriate to the native soil, but still essential to the same kind of institutions as the British democratic Co-operative Movement.

